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Film: Mafia Connections

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Transcript

Music
Corcoran: Barely the roll of the dice away from the Monte Carlo casino, a Monaco banker belts out his favourite Russian folk song
And hes celebrating more than just European monetary union
SINGING
For if Monacos enemies are to be believed the money men are now singing all the way to the bank courtesy of their best new customers the Russian mafia.
Apparently, the Russians are coming and lots of them with suitcases full of cash the loot from asset stripping, gun-running and drug trafficking.
Monteberg: The reason for Monacos existence today is to live exclusively on fiscal fraud and the laundering of other countries dirty money.
Music
Corcoran: The Russian money launderers are a new breed of not-so-beautiful people - moving anonymously among the super rich safe in the knowledge that Monaco residency and banking secrecy makes them virtually untouchable.
Pierre: Other Russians came into my office and said: OK - I would like a residence in Monaco - how many do I have to pay the Prince (laughs) its the same story you know, they think they can pay for everything - obtain everything with money - sometimes it is quite true
Once famously described as a sunny place for shady peoplethis raffish haven for tax dodgers is now gaining a far darker reputation...
Music
Long before Disneyland - there was Monaco. Barely 2 square kilometres of comic-opera kingdom nestled in the French Riviera.
A fantasyland where the mega rich preen - and the hoi-polloi peer.
In the 50s Monacos ruler Prince Rainier Grimaldi married Hollywood star - Grace Kelly and the fairytale was complete.
But behind the Disney-like façade the Grimaldi world is crumbling - Grace was killed in a car accident in the 80s Rainier, now rarely seen in public, is reported to be terminally ill and losing control of his kingdom to the hard men from the mob.
A development that infuriates neighbour and patron France.
In reality, Monaco only exists as an independent nation due to a long standing treaty with France under which Paris gets to appoint a certain number of the police and civil servants here. This somewhat rocky relationship has now hit an all time low with Frances ruling Socialist Party claiming that Monaco has become little more than a giant money laundering operation - that the Russian mafia has moved in and taken control of the principalitys banking operations - and that Monaco is just one step away from becoming a fully fledged Mafia state in the heart of the European Union.

Frenchman Roger-Louis Bianchini is a legendary investigative journalist who has spent 40 years trawling the

depths of Monacos underworld.His exposes have provoked many death threats. These days, he dares not step ashore in the fabled harbour.
Money laundering may be a global business with electronic transfers zapping everywhere from Nigeria to Nauru - what makes Monaco different, he says, is that the mafia now choose to live in this laundrya sunny place where they can watch their money dry.
ROGER-LOUIS BIANCHINI: it is estimated that in the banks in Monaco there is 500 billion francs permanently it is very difficult to know how much of this is dirty money how much is cleaned money.
Corcoran: Thats the equivalent of nearly 70 billion U.S. dollars - in a nation with only 30 thousand residents.

ROGER-LOUIS BIANCHINI: If someone puts their money in Monaco all thats asked of them is to be discrete - dont stand out. And thats the condition for the mafia people who come to live in Monaco be discrete.
Corcoran: The system seemed to work quite well until December 99 when billionaire banker - a Lebanese born Monaco citizen - mysteriously died in a fire in his apartment.
Apparently convinced that he was under attack by terrorists or the mafia - Safra barricaded himself in the bathroom and died of smoke inhalation.
A member of his staff was later charged with starting the blaze - but many suspect Safras close links to the Russian mob cost him his life.

ROGER-LOUIS BIANCHINI : You should know that his bank was used as the relay of the millions of dollars given by the IMF to Russia and was in part siphoned off by the mafia.
Safras death suddenly focused world attention on Monacos grubbier dealings with the mob. Under pressure from France about 16 Russians have since been quietly expelled for breaking the golden rule of discretion.
MUSIC
Corcoran: The Russians have been coming to the Riviera since the days of the Czar.Though these days in Monaco and along the coast in the French city of Nice the new Russian elite works hard at keeping a low profile.
But while the mafia dons were proving to be elusive their French lawyer Pierre Camy agreed to meet under the Russian flag on Nices Promenade des Anglais.
Pierre: Hi Mark Corcoran: Hello Pierre - how are you?
Pierre says the Russians dont fit the clichéd image of thugs in bad suits. Many are ex-KGB agents or finance officials from the Soviet era sophisticated and well travelled, they side step investigators with ease.
Pierre: Now they have bank account and transfer - whatever and offshore company and shelf company - whatever they need Corcoran: Do you enjoy the work? Pierre: Of course (laughs) I enjoy the work - of course it is a pleasure to work for these guys.
Corcoran: Pierres introduction to the Red mafia came 6 years ago on a Riviera beach when three serious men in suits marched across the sand for a chat.

Pierre: It was incredible (laughs) there were 3 Russians they came to me and explain that their friends were in jail for problem and they immediately start to tell me OK - How much for the judge? How many for the judge but we are in France I say! (laughs) we dont used to pay judge to open freedom (laughs) and they said - Oh no you are not a good lawyer (laughs) could you tell us who is a lawyer who knows how to give to the judge.

Corcoran: Pierre took the case anyway - his client one of the most feared figures of the Moscow Mafia - Alexei Petrov a youthful godfather known as The Fox - to his associates - arrested over a passport irregularity.
Pierre won the case Alexei, now in hiding, is still in regular contact with his lawyer who insists hes resisted the temptation to go over to the dark side.
Pierre : It is true that you need to be very careful with what you are able to do and what is legal and try to never cross the line - never cross the line and its true when there is a lot of money - it is attractive they can propose you something.

The football thoroughbreds of the all powerful Monaco team play an unwitting role in one Russians bid for respectability and prestige.
When they take to the field, the players sport the logo of a key corporate sponsor Fedcom a mysterious Russian company now headquartered in Monaco.
In a corporate sporting world dominated by companies selling cars and mobile phones Fedcom makes a bizarre team-mate for the Russian companys only declared product is farm fertilizer destined for the developing world.
Club officials say the Fedcom pays the equivalent of 60 million U.S. dollars a year for sponsorship - an expensive way of raising the profile of Russian fertilizer with Europes football fans.Many in France think the whole Fedcom deal smells but concede it is almost impossible to gather evidence from corrupt Russian authorities.
BIANCHINI: I looked at a Moscow court report which says that 70% of Russian companies which invest overseas are of Russian Mafia origins 70%! So it is possible that Fedcom is part of that 70% - but the problem is always proving it.

Corcoran: Its impossible to make an appointment with Fedcoms elusive Russian owner Alexei Fedoricsev. And we find the nerve centre of such a successful multinational surprisingly quiet.
Corcoran: Is there someone we can speak to? Bernengo: Im the financial directorCorcoran: Is it possible to have a word with you?Bernengo: Yeah thanks

Italian-born finance director Eric Bernengo is remarkably vague on detail.Hes not sure of the exact number of factories owned by Fedcom or the companys market share.

Corcoran: Why bother sponsoring because you dont need your name to be known you only need to be known within the industry why do you do all this? Bernengo: It was more or less the wish of the President of the company when he arrived in Monaco he wanted to participate at this level in the economic life of Monaco so instead of making a donation or that kind of thing he prefer to do something else.
I think all the Russians that are here belong to the Mafia. I mean, OK, there are entrepreneurial individuals everywhere . I mean its not because you say its the country you are coming from. Ok maybe we still have this Italian , if you are Italian you are Mafioso. I know because I am Italian origins , Dont tell me Im Mafioso
But not everyone sees the joke.One of the 16 Russians deported in Monacos mafia crackdown was a Fedcom director wanted in three countries on a variety of fraud and passport offences.Mr. Bernengo insists his colleague left for cultural reasons - after finding it difficult to settle in Monaco.
Bernengo: We had one director, he went back to Russia because its difficult for them to find way in that kind because its really different culture.
In fact many security-conscious Russians thrive in this culture - Its the kind of town where you can leave the bodyguards at home.
200 security cameras and 700 police taking care of business and any unwanted TV crews. In Monaco the media is only welcome at the endless succession of tightly controlled sporting and lifestyle events.
Which is where we catch up with the heir apparent Prince Rainiers son; his most serine highness Prince Albert Grimaldi. A 43-year-old bachelor with a passion for bobsleigh racing. Its a life lived in the viewfinders of the paparazzi. Recording the Grimaldi family saga of scandal and tragedy that rivals the British royals.
This is about the only kind of pressure Albert relishes.With his fathers health failing, hes now being groomed as the Chief Executive-in- waiting of Monaco Incorporated.
But the heir apparent of this slick media savvy kingdom - surprisingly uncomfortable when answering obvious questions.
PRINCE ALBERT: Whatever accusations were thrown at us were undue - and - arh - um (pause) whats a good way of putting this? - arh - were simply false and wrong.
Corcoran: Many French officials doubt the playboy princes ability to keep a firm grip that the mafia is now moving from the passenger seat to the controls with Albert in danger of becoming little more than a

figurehead.
PRINCE ALBERT: When you are accused of not only having money laundering or any fraud in your country - and almost encouraging it - thats totally inconceivable to me.
Music

Far from Monacos Ferraris and facelifts - in the heartland of rural France we find Alberts bete noir - another young man a political rising star already marked for greater things.Arnaud Monteberg is a lawyer and Socialist Party member of Frances National Assembly.
More importantly hes a key member of the Assemblys money laundering Commission that probed Monacos mafia links and enraged Prince Rainier to the point he threatened to break off relations with France
MONTEBERG: We are, in France, the first in the world to have taken hardened measures against this unco-operative territory, which refuses international order international public order.

Corcoran: Its a campaign that plays well to his farming constituency - these agrarian socialists of provincial Burgundy
MONTEBERG: I think that Prince Rainier is a bit elderly and doesnt have knowledge should have of everything thats going on in his principality. We have actually established that certain members of the royal family were implicated in illegal doubtful dealings and that Monacos Judiciary set out to cover this up.

In 1962 President Charles de Gaulle imposed a 2-day blockade of Monaco successfully persuading French residents of the principality that they should pay French income tax.Now the Socialists are again calling for direct action enthusiastically backing Montebergs calls to send in the Foreign Legion and skittle the detested Grimaldi dynasty once and for all.

MONTEBERG: think that if they dont want to listen to reason then we can only use forceI note that during numerous incidents we have sent paratroopers into poor African countries for reasons that arent always clear or winnable
MUSIC
The Russians may buy their residency in Monaco - but many then choose to actually live and play in grand style just down the French coast.
Along a secluded stretch now dubbed the Russian Bay of Millionaires, are the houses of Boris Yeltsin's daughter, Yeltsins former aid and mafia figure Boris Berezovsky and numerous lesser dons.
Just offshore from the Berezovsky compound we finally bump into a group of the elusive Russian elite.
Corcoran: Hello - where are you from? Man: We are Russians Corcoran: Are you?
Corcoran: Were asked aboard - it seems an invitation we cant refuse.
My name is Mark nice to meet you. Mikhail: Nice to meet you, Mikhail.Corcoran: Mikhail, how are you?
Perhaps sensing my slight apprehension - Mikhail -breaks the ice - so to speak.
Well take him with us - dont worry - well take care of him.Man on ABC boat: You have a good time Mark?Corcoran: never to be seen again.(laughter)
Mikhail says hes an investment banker - dividing his time between Moscow and New York.Here on holidays with his two daughters - and two female associates.

How big is the Russian community here - you say you stay with friends.Mikhail: Nobody can calculate - Ive got like a dozen friends here - maybe two dozens.

Without prompting Mikhail raises the sensitive issue of the mafia. Its all a huge exaggeration he saysnothing more than a western conspiracy - to prevent honest Russians businessmen such as himself from enjoying holidays on the Riviera.

Mikhail: Sometimes it is a problem because you always have to request a visa - there and here and they can

say - Arh!! - We are on vacation - sorry - we run out of paper - some form of excuses and it is a real discrimination to my mind as well as all these cries about the money laundering - they really overshoot it - somebody in the western world is using it really to cover their own adventures - thats my view - Im a professional banker - so I can say.
Corcoran: And with that Mikhail is off - descending into the not-so-murky depths of the Mediterranean.
The Monte Carlo Casino Monacos 145 year old high temple and according to French investigators home of one of the oldest yet simplest money laundering scams.Outside, its all strangely reminiscent of a Hollywood opening night. As the normally camera shy glide in from the dark for a display of conspicuous wealth. Weve been invited in on the condition we dont film patrons once were through the front door.Business is so good the casino is now expanding we get a sneak preview of the new high roller room.
Casino Boss: Now we are entering our new salon that just been completed and you are the first ever to see it. This salon has never been used its very private and is designed for our most prestigious clients.

Corcoran: When this salon opens bring your cheque book as the minimum bet will be equivalent of two thousand U.S. dollars. Tonight the casinos ace croupiers are running a training course though the chips on the table - be they francs or Euros - are still very real.
So how much is on the table? HEAD CROUPIER: Five million francs.Corcoran: its as good as cash? HEAD CROUPIER: Yes if you like we can change now take money and(laughter).
Corcoran: And according to investigators thats quite literally how its done - with hundreds of millions of dollars worth of chips purchased - then promptly cashed in without ever being placed on the table a simple yet highly effective laundering operation controlled by the Italian mafia.
Monteberg: On that we have also published police notes concerning the Monaco casino which in fact highlights the techniques used by the Italian mafia to launder money in Monaco we have shown this method and their has been no denial by the Casino management remember that a proportion of the ownership is in Prince Rainers hands.
Corcoran: Such allegations prompt a flat denial from Prince Albert. Bowing to French pressure hes just ordered an expansion of Monacos miniscule Financial Control Service.
PRINCE ALBERT: One of the criticisms was how could a service like that be efficient with only four people managing it? For a place like Monaco it can be, weve stepped up - weve added two more people to their personnel.
Corcoran: The end of another busy banking day and Monacos finest are doing their best to prevent us filming an empty street.Despite the zeal of the French socialists few expect any real reform here.
Self interest is always a safe bet too many Paris politicians have been exposed as having secret Monaco bank accounts themselves. Last year they used their influence to keep Monaco off an international black list of money-laundering nations.
Little wonder the bankers are so relaxed - as with a little help from the Russians - the good time roll on.
RUSSIAN FOLK MUSIC SWELLS
Credits:MONACO MONEYReporter: Mark CorcoranCamera: Gregory HeapSound: Kate GrahamEditor: Simon BrynjolffssenProducer: Wayne Bodkin

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